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To: County Offices of Education
Attention: Chief Business Officials

From: Janet Sterling, Director
School Fiscal Services Division

Subject: **2002-03 First Quarter Lottery Apportionment**

The State Controller's Office distributed the 2002-03 first quarter lottery apportionment on December 31, 2002. The total apportioned to K-12 county offices of education, school districts, and charter schools is \$236,441,649.88 or \$36.45 (\$36.446412799) per unit of average daily attendance (ADA) for the unrestricted lottery apportionment. The first quarter lottery payment also includes prior year adjustments for fiscal years 2000-01 and 2001-02.

Enclosed for your information are the Remittance Advice and a copy of the "Lottery Educational Apportionment System Master Register" (Master Register). The Master Register includes the following information:

- **Average Daily Attendance:** The average daily attendance listed is the actual annual ADA reported for the 2001-02 fiscal year times the statewide average excused absence factor of 1.04446. This ADA is the basis for the 2002-03 first quarter apportionment. Charter school ADA is listed separately from the chartering agency.
- **Apportioned Amount:** This is the amount apportioned for the first quarter of 2002-03. The first quarter apportionment is all unrestricted lottery funding. The Proposition 20 apportionment for the 2002-03 fiscal year will not be distributed until the third or fourth quarter apportionment.
- **Revenue Adjustment Amount:** This amount is for additional 2001-02 lottery funding that is now available for distribution. The California State Lottery previously withheld these monies pending an audit of their year-end financial statements. The additional revenue totaled \$3,494,848.61. Of this amount, \$.21 per ADA (\$.213834201) is unrestricted lottery funding and \$.23 per ADA (\$.228913640) is restricted for Proposition 20.
- **ADA Adjustment Amount:** During the 2001-02 fiscal year, lottery funding was allocated based upon prior year 2000-01 annual ADA (as adjusted by the 1.04446 excused absence factor). In December of each year, lottery funding is recomputed for

the prior two fiscal years based on actual annual ADA reported for those years. As a result of the changes in ADA, the funding rates per ADA also change.

To compute an LEA's 2001-02 ADA adjustment:

- 1) Multiply the LEA's 2000-01 annual ADA (as adjusted by 1.04446) by the old 2001-02 rates of \$119.694126526 for the unrestricted lottery apportionment and \$15.437118779 for the Proposition 20 apportionment. This is the amount apportioned during the 2001-02 fiscal year.
- 2) Multiply the LEA's 2001-02 annual ADA (as adjusted by 1.04446) by the new 2001-02 rates of \$115.805337568 for the unrestricted lottery apportionment and \$14.9920145254 for Proposition 20. This is the amount that should have been apportioned during the 2001-02 fiscal year.
- 3) The difference between the two calculations is the ADA adjustment for the 2001-02 fiscal year.

Also included in the ADA Adjustment Amount are any additional adjustments due to ADA changes for the 2000-01 fiscal year. The new rates for 2000-01 are \$123.410896947 per ADA for the unrestricted lottery apportionment and \$18.072742199 for Proposition 20. The old rates for the 2000-01 fiscal year were \$123.53122645 for unrestricted lottery funding and \$18.091535361 for Proposition 20.

- **Accounts Receivable Balance:** This amount represents the balance of any accounts receivable due to the State from the LEA.
- **Paid Amount:** This is the amount actually paid by the State Controller's Office. It includes the first quarter apportionment and prior year adjustments.
- **Non-Prop 20:** Non-Proposition 20 lottery funding is unrestricted, except that funds must be used for the education of pupils and may not be used for acquisition of real property, construction of facilities, financing of research, or other non-instructional purposes.
- **Prop 20:** Proposition 20 lottery funding is restricted for the purchase of instructional materials.

If you have any questions regarding your lottery apportionment, please contact Janet Finley at (916) 323-5091 or by e-mail (jfinley@cde.ca.gov) or Scott Hannan at (916) 327-0538 or by e-mail (shannan@cde.ca.gov).

Enclosures

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